



General Assembly

January Session, 2009

Raised Bill No. 979

LCO No. 3632

03632_____LAB

Referred to Committee on Labor and Public Employees

Introduced by:
(LAB)

***AN ACT CONCERNING INTEREST PENALTIES ON LATE PAYMENT
OF ASSESSMENTS TO THE SECOND INJURY FUND.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 31-354 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) There shall be a fund to be known as the Second Injury Fund.
4 Each employer, other than the state, shall, within thirty days after
5 notice given by the State Treasurer, pay to the State Treasurer for the
6 use of the state a sum in payment of his liability under this chapter
7 which shall be calculated in accordance with the Second Injury Fund
8 surcharge base, as defined in section 31-349g, and shall be assessed in
9 accordance with subsection (f) of section 31-349, sections 31-349g, 31-
10 349h and 31-349i, this section, section 31-354b and sections 8 and 9 of
11 public act 96-242*. Such sum shall be an amount sufficient to (1) pay
12 the debt service on state revenue bond obligations authorized to be
13 issued under and for the purposes set forth in section 31-354b
14 including reserve and covenant coverage requirements, (2) provide for
15 costs and expenses of operating the Second Injury Fund, and (3) pay
16 Second Injury Fund stipulations on claims settled by the custodian or

17 other benefits payable out of the Second Injury Fund and not funded
18 through state revenue bond obligations and shall be determined in
19 accordance with the regulations adopted pursuant to the provisions of
20 section 31-349g. The custodian shall establish a factor for the annual
21 surcharge that caps such surcharge for the fiscal years ending June 30,
22 1996, 1997 and 1998. In determining such factor the custodian shall
23 consider the funding mechanism authorized by subsection (f) of
24 section 31-349, sections 31-349g, 31-349h and 31-349i, this section,
25 section 31-354b and sections 8 and 9 of public act 96-242*, recognize
26 that an acceptable level of employer assessment is important to the
27 vitality of the economy of the state and nevertheless shall assure
28 provision of services to injured workers that enhances their ability to
29 return to work and improve their quality of life. In any event, such
30 factor shall not exceed, with respect to insured employers, a rate of
31 fifteen per cent on the Second Injury Fund surcharge base with respect
32 to workers' compensation and employers' liability policies and, with
33 respect to self-insured employers, a comparable percentage limitation
34 representing their pro rata share of any assessment. Any employer or
35 any insurance company acting as collection agent for the custodian of
36 the Second Injury Fund who fails to pay in accordance with such
37 regulations shall pay a penalty to the State Treasurer of fifteen per cent
38 or a minimum of fifty dollars, whichever is greater, on the unpaid
39 assessment or surcharge. Interest at the rate of six per cent per annum
40 shall be charged on any amounts owed on assessment audits or
41 surcharge audits. For self-insured employers interest shall accrue
42 thirty days after notice from the Second Injury Fund of the unpaid
43 audit assessment. For insurance companies, the interest shall accrue
44 from the date of the notice of audit errors or deficiencies as determined
45 by the date postmarked by the United States Postal Service. The State
46 Treasurer shall notify each employer of the penalty or interest
47 provision with the notice of assessment. Any partial payments made to
48 the fund shall be first applied to any unpaid penalty, then to any
49 unpaid interest and the remainder, if any, to the unpaid assessment or
50 surcharge. Interest or penalties shall be applied if assessment or

51 surcharge reports or payments are postmarked by the United States
52 Postal Service after the designated due date. The sums received shall
53 be accounted for separately and apart from all other state moneys and
54 the faith and credit of the state of Connecticut is pledged for their
55 safekeeping. The State Treasurer shall be the custodian of the fund and
56 all disbursements from the fund shall be made by the Treasurer or the
57 Treasurer's deputies. The moneys of the fund shall be invested by the
58 Treasurer in accordance with applicable law and section 8 of public act
59 96-242*. Interest, income and dividends from the investments shall be
60 credited to the fund. Each employer, each private insurance carrier
61 acting on behalf of any employer and each interlocal risk management
62 agency acting on behalf of any employer shall annually, on or before
63 April first, report to the State Treasurer, in the form prescribed by the
64 State Treasurer, the amount of money expended by or on behalf of the
65 employer in payments for the preceding calendar year. Each private
66 insurance carrier, each self-insurance group and each interlocal risk
67 management agency shall submit annually, on or before April first, to
68 the State Treasurer, in the form prescribed by the State Treasurer, a
69 report of the total Second Injury Fund surcharge base collected in the
70 preceding calendar year and a report of the projected total Second
71 Injury Fund surcharge base for the current calendar year. The fund
72 shall be used to provide the benefits set forth in section 31-306 for
73 adjustments in the compensation rate and payment of certain death
74 benefits, in section 31-307b for adjustments where there are relapses
75 after a return to work, in section 31-307c for totally disabled persons
76 injured prior to October 1, 1953, in section 31-349 for disabled or
77 handicapped employees and in section 31-355 for the payment of
78 benefits due injured employees whose employers or insurance carriers
79 have failed to pay the compensation, and medical expenses required
80 by this chapter, or any other compensation payable from the fund as
81 may be required by any provision contained in this chapter or any
82 other statute and to reimburse employers or insurance carriers for
83 payments made under subsection (b) of section 31-307a. The
84 assessment required by this section is a condition of doing business in

85 this state and failure to pay the assessment, when due, shall result in
 86 the denial of the privilege of doing business in this state or to self-
 87 insure under section 31-284. Any administrative or other costs or
 88 expenses incurred by the State Treasurer in connection with carrying
 89 out the provisions of this part, including the hiring of necessary
 90 employees, shall be paid from the fund. The State Treasurer may adopt
 91 regulations, in accordance with the provisions of chapter 54,
 92 prescribing the practices, policies and procedures to be followed in the
 93 administration of the Second Injury Fund.

94 (b) The State Treasurer shall establish within the Second Injury
 95 Fund three accounts to be known as the operating account, the
 96 settlement account and the finance account which accounts shall be
 97 held separate and apart from each other. The operating account shall
 98 cover the costs and expenses to the state of operating the Second Injury
 99 Fund. The settlement account shall cover actual disbursement of the
 100 settled claims whether by one-time full payments or by payments over
 101 a period of time. The finance account shall contain such funds and be
 102 operated in the manner provided in section 31-354b.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>from passage</i>	31-354
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Statement of Purpose:

To amend the penalty for late payments and surcharges to the Second Injury Fund to reflect legislative intent.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]